(b) and (c) As regards the need for tax rationalization, the Government has already taken a series of measures to reduce the burden of taxation on petroleum products. The customs and excise duties on kerosene and LPG have been reduced from 10% and 16% respectively, to nil. LPG has been made a 'declared good' with a maximum Sales Tax/VAT of 4%. The Government has also reduced the customs duty on petrol and diesel from 20% to 7.5%. The *ad-valorem* component of excise duty on petrol and diesel has been reduced from 32% and 16% respectively, to 6%. The custom duty of crude oil has also been reduced from 10% to 5%.

In view of very high international crude oil prices, Government has increased the prices of petrol and diesel by Rs. 2/litre and Re/1/litre respectively with effect from 15.2.2008 which is actually in the nature of a partial restoration of retail prices, to the price level operating before February, 2007.

Low production of LPG by public sector refineries

57. SHRI RAJKUMAR DHOOT: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there has been a shortfall in production and distribution of LPG in public sector refineries during first month of 2008;

(b) if so, the details thereof and the reasons therefor; and

(c) the steps taken to normalize production and distribution of LPG?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The actual LPG production at Public Sector Refineries of Indian Oil Corporation Ltd. (IOCL) and Hindustan Petrolum Corporation Ltd. (HPCL) was higher than the planned production for the month of January, 2008. However, Bharat Petroleum Corporation Ltd. (BPCL) has reportedthat there was a shortfall in LPG production due to unplanned shut down of one of the units at Mumbai Refinery.

Although, LPG inventories were comfortable, backlog did develop during end January; 2008 due to following reasons:

* Reduced LPG production/offspec LPG at Essar Oil during the first 20 days of January, 2008 by about 17 thousand metric tonnes *(TMT).*
* Delays in movement of bulk LPG by rail from Jamnagar to the Northern Region.
* Increased demand due to extreme and prolonged cold weather conditions and frequent power cuts in Northern Region.
* Panic booking in some parts of the country due to media news on expected increase in LPG refill price.

(c) Import of additional quantity of LPG have been tied up on industry basis by IOCL, HPCL and BPCL during January, 2008 to March, 2008 to improve the all India inventory levels and also to meet the increased demand.

Hike in price of natural gas

t58. DR. MURLI MANOHAR JOSHI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

† Original notice of the question was received in Hindi.

(a) whether it is a fact that Government has made a proposal for increasing consumer sale price of natural gas by 16 per cent in the country;

(b) if so, the details in this regard and the criterion for this price hike; and

(c) the formula adopted at present to determine the consumer sale price of natural gas in the country?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) No, Sir.

(b) Does not arise.

(c) The consumer price of APM gas was fixed at Rs. 3200/MSCM with effect from 1.7.05 for power and fertilizers sector, Court mandated and small scale consumers, on an *adhoc* basis, till the receipt of Tariff Commissions report.

Subsequently, the price of natural gas for City Gas Distribution projects and small consumers was increased by 20% to Rs. 3840/MSCM with effect from 5th/6th June 2006, so as to slowly reflect the market price.

The price of consumers in the North-East is 60% of that for the remaining country. So the price for power and fertilizers sector in North-East is Rs. 1920/MSCM. and that for Court mandated and small consumers in the region is Rs. 2304/MSCM.

Capital expenditure budget of exploration companies

59. SHRI VIJAY J. DARDA:
SHRIMATI SYEDA ANWARA TAIMUR:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that inflated figures in the capital expenditure budgets of exploration companies are suspected for starting commercial production from acreages acquired through auctions since 2002 and where production has started or being started;

(b) if so, whether it relates to both the public sector and private sector exploration companies;

(c) how the capital expenditure budget is approved initially; and

(d) whether there is any co-relation determined between the funds approved and actually spent?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) No, Sir.

(b) Not applicable in view of (a) above.

(c) As per the provisions of Production Sharing Contract (PSC) of the exploration blocks, development costs submitted as part of Development Plan are approved by the Management Committee. In addition, annual work programme and budget for development operations is also approved by the Management Committee.

(d) Budget is a fair and reasonable forecast of expenditure to be incurred and actual expenditure is periodically monitored by the Management Committee.